Implementation Guide

Overview

This section provides assistance to Direct Loan Custom Schools, Third Party Servicers, and Software Providers with implementing the system changes for the 2001–2002 Direct Loan Program. It describes 2001–2002 Direct Loan modifications and serves as a companion to the record layouts and edits contained in Section 1, Custom Layouts, and Section 2, Custom Edits.

A summary of the 2001–2002 Direct Loan modifications is provided in 2001–2002 Modifications at a Glance.

To help you understand the new guidelines, the modifications are classified into eight specific functional areas:

- Loan Origination and Change Records

- Promissory Notes

- Disbursements

- Reports

- Software Providers Interface

- Data Recovery

- Up-front Interest Rebate

- Disclosure Statement

Within each functional area, individual modifications are described and discussed. This discussion includes the business rules for implementation and, when applicable, an example of the modification.

If you have questions regarding the material in this section, please call the Direct Loan Origination Center (LOC) between the hours of 8 a.m. and 8 p.m. (ET) at:

800/848-0978

OR

E-mail us at: **loan_origination@mail.eds.com**

2001–2002 Modifications at a Glance

A matrix of the 2001–2002 modifications begins on the next page. This matrix serves as a quick reference for 2001–2002 changes.

2001–2002 Modifications at a Glance

2001–2002 Modifications	New Process/ Procedure	New Edit	Redesign Record Layout	New or Redefined Field(s)	New Change Transmit Field(s)	New or Redefined Reject Codes	New Report/ New Format
Add Student's E-mail address to Full Loan Origination record	X	X	X	X	X		
Increase address field length			X				
Increase first name field length			X				
Process new grade levels			X	X			
Eliminate Master Promissory Note ID from Full Loan Origination Acknowledgement	X		X	X			
Require Standard Origination and Option 1 schools to report anticipated disbursements with Loan Amount Approved changes	X						
Reduce turnaround time for processing PLUS credit check requests	X						
Run multiple daily Loan Origination Center cycles	X						
Use Master Promissory Note expiration date for multi-year schools when determining MPN availability	X	X					
Use academic year for single-year schools when determining MPN availability	X	X				X	
Modify MPN and Full Loan Origination record linking processing	X	X					

2001–2002 Modifications at a Glance (Continued)

2001–2002 Modifications	New Process/ Procedure	New Edit	Redesign Record Layout	New or Redefined Field(s)	New Change Transmit Field(s)	New or Redefined Reject Codes	New Report/ New Format
Provide flexibility for selecting any disbursement number as first actual disbursement	X	X	X	X		X	
Expand disbursement reject codes and descriptions		X				X	
Modify DLSAS and 732 reports	X		X	X			X
Provide more school report options	X						X
Display current and prior year loans on Duplicate Student Borrower Report	X						
Reduce number of loans displayed on 30-Day Warning Report	X	X					
Test with third party servicers/software providers	X						
Automate rebuild for Direct Loan participants	X		X	X			
Implement up-front interest rebate	X	X	X	X	X	X	X
Modify Disclosure Statement and process	X			X			

Loan Origination and Change Records

Add Student's E-mail Address to Full Loan Origination Record

2001–2002 Modification: The Student's E-mail Address field—Field #169, has been added to the Full Loan Origination record (LOR) layout.

The e-mail addresses are collected on the Free Application for Federal Student Aid (FAFSA) on the Web. The Central Processing System (CPS) captures the e-mail addresses and reports them on the Institutional Student Information Record (ISIR).

Business Rules:

- A new 50-character Student's E-mail Address field (Field #169) is added to the 2001–2002 Full Loan Origination record layout. The new LOR length of 1064 accommodates the new field.

- The Student's E-mail Address field is an optional field for Subsidized, Unsubsidized, and PLUS LORs.

- The e-mail address can consists of upper and lower case letters, numbers, and special characters.

- A new Change Field Transmit Number (S126) for the Student's E-mail Address field allows this information to be modified.

- The length of the Change Record Value fields 01–10 is increased from 28 to 50 characters to accommodate the new e-mail address.

- The LOC edits the Student's E-mail Address field on the LOR and Change Record for both the "@" character and the dot to the right of the "@" character.

- If the "@" character or a dot to the right of the "@" character is not present in the Student's E-Mail Address, the LOC does not store the data and does not reject the LOR or change record.

- When a loan is booked at the LOC, the Student's E-Mail Address is sent to the Direct Loan Servicing Center (DLSC).

- See the Custom Layout section of the *2001–2002 Direct Loan Technical Reference* guide for the new LOR and Change Field Transmit Number layouts.

Increase Address Field Length

2001–2002 Modification: The Borrower's Permanent Address and the Student's Local Address fields have increased from 28 to 35 characters on the Full Loan Origination record (LOR) layout.

Currently, the length of the Borrower's Permanent Address field and the Student's Local Address field is 28 characters on both the LOR and the Change Field Transmit Numbers.

Starting in 2001–2002, the length of the Borrower's Permanent Address—Field #6—and the Student's Local Address—Field #135—has increased from 28 to 35 characters on the LOR. This aligns with the 35-character address field increase on the Free Application for Federal Student Aid (FAFSA) for 2001–2002. Also, the length of the Change Field Transmit Number for both the Borrower's Permanent Address (S009) and the Student's Local Address (S100) has increased from 28 to 35 characters.

Business Rules:

- The Borrower's Permanent Address field (Field #6) and the Student's Local Address field (Field #135) are increased from 28 to 35 characters on the 2001–2002 Full Loan Origination record layout. The new record length of 1064 bytes accommodates the increased field length.

- The length of the Change Field Transmit Number for the Borrower's Permanent Address field (S009) and the Student's Local Address field (S100) is increased from 28 to 35 characters.

- When printing the Master Promissory Note or the PLUS Loan Application and Promissory Note, allow up to 35 characters for the borrower's address fields.

- See the Custom Layout section of the *2001–2002 Direct Loan Technical Reference* guide for the new LOR and Change Field Transmit Number layouts.

Increase First Name Field Length

2001–2002 Modifications: The Borrower's First Name field and the Student's First Name field are increased from 9 to 12 characters on the Full Loan Origination record layout.

Currently, the length of the Borrower's First Name field and the Student's First Name field is 9 characters on both the Full Loan Origination record (LOR) and on the Change Field Transmit Numbers.

Starting in 2001–2002, the length of the Borrower's First Name—Field #3—and the Student's First Name—Field #126—is increased from 9 to 12 characters on the LOR. This aligns with the 12-character name field increase on the Free Application for Federal Student Aid (FAFSA) for 2001–2002. Also, the length of the Change Field Transmit Number for both the Borrower's First Name (S006) and the Student's First Name (P003) is increased from 9 to 12 characters.

Business Rules:

- The Borrower's First Name field (Field #3) and the Student's First Name field (Field #126) have increased from 9 to 12 characters on the 2001–2002 Full Loan Origination record layout. The new record length of 1064 accommodates the increased field length.

- The length of the Change Field Transmit Number for the Borrower's First Name field (S006) and the Student's First Name field (P003) has increased from 9 to 12 characters.

- When printing the Master Promissory Note or the PLUS Loan Application and Promissory Note, allow up to 12 characters for the borrower's first name fields.

- See the Custom Layout section of the *2001–2002 Direct Loan Technical Reference* guide for the new LOR and Change Field Transmit Number layouts.

Process New Grade Levels

2001-2002 Modifications: The Student's College Grade Level field has decreased from 2 characters to 1 character on the Full Loan Origination record layout. The grade level values are redefined to correspond to the 1-character college grade level. Upon implementation, this modification affects only Program Year 2001–2002.

Currently, the Student's College Grade Level is a 2-byte field on the Full Loan Origination record (LOR) and the Change Field Transmit Number and the values range from 01–10. See the following table:

Grade Level Values Prior to 2001–2002

Values Received at the LOC From the School
Program Years 1999–2000 and 2000–2001
01 = 1st year, never attended college
02 = 1st year, attended college before
03 = 2nd year/sophomore
04 = 3rd year/junior
05 = 4th year/senior
06 = 5th year or more undergraduate
07 = Graduate/professional and beyond
Program Year 1998–1999
01 = 1st year, never attended college
02 = 1st year, attended college before
03 = 2nd year/sophomore
04 = 3rd year/junior
05 = 4th year/senior
06 = 5th year or more undergraduate
07 = 1st year graduate/professional
08 = 2nd year graduate/professional
09 = 3rd year graduate/professional
10 = Beyond 3rd year graduate/professional

Starting in 2001–2002, the length of the Student's College Grade Level field—Field #17—has decreased from 2 characters to 1 character on the Full Loan Origination record (LOR). This aligns with the 1-character grade level field on the Free Application for Federal Student Aid (FAFSA). Also, the length of the Change Field Transmit Number for the Student's College Grade Level field (S026) has decreased from 2 bytes to 1 byte.

The redefined values for the Student's College Grade Level field range from 0–7 and correspond to those listed on the FAFSA.

Business Rules:

- The length of the Student's College Grade Level field (Field #17) on the 2001–2002 Full Loan Origination record layout is decreased to 1 byte.

- The length of the Change Field Transmit Number for the Student's College Grade Level field (S026) is decreased to 1 byte.

- The new values for the Student's College Grade Level field range from 0–7 and apply to 2001–2002 LORs. See the following table:

Grade Level Values Starting in 2001–2002

Values Received at the LOC From the School
Program Year 2001–2002
0 = 1st year undergraduate/never attended college
1 = 1st year undergraduate/attended college before
2 = 2nd year undergraduate/sophomore
3 = 3rd year undergraduate/junior
4 = 4th year undergraduate/senior
5 = 5th year/other undergraduate
6 = 1st year graduate/professional
7 = Continuing graduate/professional or beyond

- All grade level values for program years prior to 2001–2002 are still in effect for the corresponding program year.

Eliminate Master Promissory Note ID from Full Loan Origination Acknowledgement

2001–2002 Modification: The 21-character Master Promissory Note (MPN) ID field is removed from the Full Loan Origination Acknowledgement layout. A 1-character Master Promissory Note Indicator field has been added to the Full Loan Origination Acknowledgement layout.

Currently, the MPN ID is included on the Full Loan Origination Acknowledgement to identify the MPN that the loan has been linked to at the LOC. The MPN ID can be blank on the Full Loan Origination Acknowledgement if an LOR is accepted at the LOC, but a valid MPN is not available or if an LOR is rejected at the LOC.

Starting in 2001–2002, the MPN ID is removed from the Full Loan Origination Acknowledgement because the Direct Loan Program does not require MPN IDs to be tracked by schools. The new field, Master Promissory Note Indicator—Field #8—is added to the Full Loan Origination Acknowledgement. The new field indicates whether or not the LOR has been linked to a valid MPN at the LOC.

Business Rules:
- The 21-character MPN ID is removed from the 2001–2002 Full Loan Origination Acknowledgement record layout.
- A new 1-character field, Master Promissory Note Indicator—Field #8—has been added to the Full Loan Origination Acknowledgement record layout.
- On the 2001–2002 Full Loan (Subsidized/Unsubsidized) Origination Acknowledgement, the valid values for the new 1-character MPN Indicator are "Y" and "N."
  - A value of "Y" in the MPN Indicator (Field #8) on the Full Loan Origination Acknowledgement indicates that the LOR has been linked to a valid MPN at the LOC.
  - A value of "N" in the MPN Indicator (Field #8) on the Full Loan Origination Acknowledgement indicates that the LOR has not been linked to an MPN at the LOC.
- On the 2001–2002 Full Loan PLUS Origination Acknowledgement, the only valid value for the new 1-character MPN Indicator is "blank".
- The 21-character MPN ID, although removed from the Full Loan Origination Acknowledgement, is still present on the MPN/PLUS Promissory Note Acknowledgement for schools who use the MPN ID as part of their processing.

Require Standard Origination and Option 1 Schools to Report Anticipated Disbursements with Loan Amount Approved Changes

2001–2002 Modification: Standard Origination and Option 1 schools are required to report changes to anticipated disbursements when making changes to the Loan Amount Approved (LAA) .

Currently, for all schools, when the LAA is reduced, the LOC compares the total of the anticipated disbursements to the new LAA. If the total of the anticipated disbursements is greater than the new LAA, the LOC adjusts the anticipated disbursements. The anticipated disbursements are recalculated by adjusting them downward starting with the last anticipated first (the anticipated with the latest date) until the sum of the anticipated disbursements equals the new LAA. If there are anticipated disbursements with the same date, the LOC uses the anticipated disbursement number in descending order. Only the anticipated disbursements that do not have an actual disbursement are adjusted downward. If the LAA is increased or if the LAA is decreased to $0, the LOC does not recalculate the anticipated disbursements.

The following table demonstrates what happens when a LAA is reduced from $3000 to $1700, a $1300 reduction. The LOC subtracts a maximum of $1000 from the last anticipated disbursement (#3) and the remaining $300 from the second anticipated disbursement (#2).

LAA Change	LAA at LOC	Anticipated Disbursement 1	Anticipated Disbursement 2	Anticipated Disbursement 3
	3000	1000	1000	1000
1700	1700	1000	700	0

Starting in 2001–2002, As Standard Origination and Option 1 schools, you are required to submit changes to the anticipated disbursement amounts when making changes to the LAA. The LOC no longer recalculates the anticipated disbursements for these schools and rejects changes that result when the total amount of anticipated disbursements exceeds the LAA.

While the U.S. Department of Education recommends that all schools submit changes to anticipated disbursement amounts when making changes to the LAA, Option 2 schools can continue with their current procedure when changing the LAA.

Business Rules:

- Standard Origination and Option 1 schools are required to submit anticipated disbursement changes when making changes to the LAA. This change applies to all program years.

- The LOC rejects a decrease to the LAA if the sum of the anticipated disbursements is greater than the LAA for Standard Origination and Option 1 schools. The error code 12-Total Amount Disbursed Must Be Less Than or Equal to the Loan Amount Approved is returned to the school.

- The LOC continues to recalculate anticipated disbursements amounts for Option 2 schools when you reduce LAA without reducing the anticipated disbursement amounts.

- Standard Origination, Option 1, and Option 2 schools are no longer required to reduce all anticipated disbursements to zeroes before reducing the LAA to zero. The LOC automatically reduces all anticipated disbursements down to zero when it receives a LAA equal to zero. However, this occurs only if there are no actual disbursements or all actual disbursements are already reduced to zeroes at the LOC.

Reduce Turnaround Time for Processing PLUS Credit Check Requests

2001–2002 Modification: The LOC has reduced the turnaround time for acknowledging Full Loan PLUS Origination records to a single daily processing cycle.

Currently, the LOC submits borrower information for all accepted Full Loan PLUS Origination records to its credit check system. This system acknowledges the credit check request with a pass, fail, or incomplete credit check decision for every borrower record.

If an incomplete credit check decision is received, the LOC's Credit Check team investigates the incomplete or inaccurate borrower's data and corrects it before resubmitting the credit check request. This process can delay acknowledging PLUS batches for 2–5 days because of batch integrity. The LOC's goal is to get an accepted or denied credit decision on each accepted Full Loan PLUS Origination record before acknowledging the PLUS batch to the schools. The LOC acknowledges the entire PLUS batch on the 5th business day even if a credit decision is not received for all PLUS loans. Each accepted Full Loan PLUS Origination record in the batch has either an accepted, denied, or pending credit check status. A pending status informs you that further investigation needs to be done by the LOC to obtain an accepted or denied credit decision for the borrower.

When an accepted or denied credit check decision is received, after the accepted Full Loan PLUS Origination record has been acknowledged to the school with a pending status, the LOC sends a PLUS Credit Decision Acknowledgement (batch type #C) that contains the new credit check decision.

Starting in 2001–2002, all accepted Full Loan PLUS Origination records are acknowledged with either an accepted, denied, or pending credit decision within a single processing cycle. A single processing cycle is defined as less than a 24-hour period. The LOC continues its current investigative and subsequent acknowledgement procedures for all PLUS loans initially acknowledged with a pending credit check decision.

Business Rules:

- Acknowledging PLUS batches within a single processing cycle apply to all Full Loan PLUS Origination records received after the February 2001 implementation.

- The LOC continues to investigate and resolve pending credit check decisions received from the credit check system. For pending credit check decisions, you receive an "X" in the Full Loan Origination Status Flag (Field #4) on a Full Loan PLUS Origination Acknowledgement.

- The LOC continues to send you PLUS Credit Decision Acknowledgements (Batch Type #C) when an accepted or denied credit check decision is received for Full Loan PLUS Origination records originally acknowledged with a pending credit check decision.

Run Multiple Daily Loan Origination Center Cycles

2001–2002 Modification: To decrease loan origination data turn around time to schools, the Loan Origination Center (LOC) runs multiple production batch cycles during a 24-hour time period.

Currently, the LOC batch cycle is run once during the night. All data sent by schools is retrieved by the LOC during the evening and processed in the nightly batch cycle run. Schools receive an acknowledgement from the LOC the next morning.

Starting in 2001–2002, the current production run schedule has been modified to allow up to three LOC batch cycles during a 24-hour period. This includes the current nightly batch cycle. By processing multiple batch cycles, the LOC provides schools with more flexibility and better turn around time for the submission and processing of records.

Business Rules:

- This change is applicable to all Subsidized, Unsubsidized, and PLUS loans for all program years.

- Two additional LOC production cycles are performed during a 24-hour period.

- The LOC performs two additional acknowledgement transmissions to schools in a 24-hour period.

Promissory Notes

Use Master Promissory Note (MPN) Expiration Date for Multi-Year Schools When Determining MPN Availability

2001–2002 Modification: At the time of linking Full Loan (Subsidized/Unsubsidized) Origination records (LORs) to MPNs, the LOC uses the expiration date of the MPN to determine MPN availability.

Currently, mutli-year use of an MPN expires 12 months after the earliest 1st anticipated disbursement date of any LOR linked to it if no actual disbursement activity has occurred on any of the LORs within the last 12 months. Current processing does not use an MPN expiration date associated with the availability of a borrower's MPN.

Starting in 2001–2002, for multi-year functionality, the LOC uses the MPN expiration date to determine if an LOR should be linked to the MPN. If the MPN is not expired when the LOR is accepted and the Loan Period Start Date is prior to the MPN expiration date, the LOC links the LOR to the MPN. A value of "Y" —LOR has been linked to an MPN at the LOC—is placed in the Master Promissory Note Indicator (Field #8) on the Full Loan (Subsidized/Unsubsidized) Origination Acknowledgement when the LOR is linked to the MPN. Likewise, an "N" —LOR is not linked to an MPN on file at the LOC—is placed in the Master Promissory Note Indicator (Field #8) on the Full Loan (Subsidized/Unsubsidized) Origination Acknowledgement when an MPN is expired or not on file at the LOC.

The MPN expiration date is calculated using one of the following three criteria: (1) 12 months after receipt of the accepted MPN if an LOR is not on file at the LOC; (2) 12 months after the earliest first anticipated disbursement if an LOR is on file but no actual disbursements; or (3) 10 years after the earliest first anticipated disbursement if an LOR and actual disbursement are on file at the LOC. The LOC links LORs to MPNs with the latest expiration date for multi-year schools. The MPN expiration date is displayed on the LO Online Web Application to assist you in knowing when an MPN for the borrower has expired or is close to expiring.

Once a loan is linked to an MPN, all disbursement activity is accepted for the loan provided the activity passes the other disbursement-related edit checks. The disbursement activity is accepted even if it is received after the MPN expiration date. However, when an MPN expires, it is no longer eligible for multi-year processing.

Business Rules:

- For multi-year schools, the LOC uses the MPN expiration date functionality when linking LORs to MPNs for program year 2000–2001 and forward.

- An expired MPN is no longer eligible for multi-year processing. This means no other loans can be linked to the MPN once it expires.

- The MPN expiration date is calculated based on one of the following criteria:

  – The MPN expiration date can be 12 months after the date it is received at the LOC if no LOR has been linked to it.

  – The MPN expiration date can be 12 months after the earliest 1st anticipated disbursement date of any LORs linked to the MPN when no actual disbursement activity has occurred for any of the LORs.

  – The MPN expiration date can be 10 years after the earliest 1st anticipated disbursement date of any LORs linked to the MPN when actual disbursement activity has occurred for any of the LORs.

- If the loan period start date is before the MPN expiration date, the LOC links the LOR to the MPN and returns a value of "A" on the MPN Status (Field #6) and a value of "Y" on the MPN Indicator (Field #8) on the Full Loan Origination Acknowledgement.

- If the loan period start date is after the MPN expiration date, the LOC does not link the LOR to the MPN and returns a value of "N" on the MPN Indicator (Field #8) on the Full Loan Origination Acknowledgement.

- For each borrower, the LOC links incoming LORs to the MPN with the latest expiration date.

- The MPN expiration date is displayed on the LO Online Web Application to assist you in determining the borrower's MPN availability at the LOC.

- Actual disbursement activity is accepted by the LOC for loans that have been linked to an MPN which has subsequently expired.

  – If the disbursement activity date is on or before the MPN expiration date, the MPN expiration date is extended 10 years after the earliest 1st anticipated disbursement date of the LOR.

  – If the disbursement activity date is after the MPN expiration date, the MPN expiration date remains unchanged and no subsequent LORs can be linked to the expired MPN.

Use Academic Year for Single-Year Schools When Determining MPN Availability

2001–2002 Modification: At the time of linking Full Loan (Subsidized/Unsubsidized) Origination records (LORs) to MPNs, the LOC uses the academic year of the LOR to determine MPN availability.

Currently, the program year on the 21-character loan id is used to determine MPN availability for single-year schools.

Starting in 2001–2002, the LOC uses the Academic Year Start Date and Academic Year End Date to link loans to MPNs for single-year schools. To be in compliance with Direct Loan Regulations, single-year schools are required to submit a new MPN to the LOC for every academic year for each borrower.

Business Rules:

- For single-year schools, the LOC uses the academic year of the LOR when linking LORs to MPNs for program year 2001-2002 and forward.

- For each borrower, you are required to submit an MPN for every academic year.

- The LOC links Subsidized and Unsubsidized loans for a borrower to the same MPN if they are from the same school with the same academic year start date and same academic year end date.

- If more than one LOR has been linked by the LOC to an MPN, the LOC rejects the Loan Origination Change for the academic year start date and/or academic year end date with error code A6 – Cannot Change Academic Year Start or End Date— because the loan is linked to an MPN based on academic year date and it cannot be changed.

- In order to change a borrower's academic period when more than one loan is linked to an MPN, you must perform the following steps:

    1. Inactivate all loans linked to the MPN on file at the LOC

    2. Originate new loans with the new academic year start and end dates

    3. Submit a new MPN to the LOC

Modify MPN and Full Loan Origination Record Linking Processing

2001–2002 Modifications: At the time of linking Full Loan Origination records (LORs) to Master Promissory Notes (MPNs), the LOC uses the first three characters of the borrower's last name when the borrower's first name is blank on the LOR.

Currently, LORs are linked to MPNs using Social Security number (SSN), date of birth (DOB), and the first three characters of the first name. If there is no match between the first three characters of the first name on the LOR and the MPN, the LOR is not linked. This could prevent the loan from booking if the MPN is the only missing booking element.

Starting in 2001–2002, MPNs are linked using the SSN, DOB, and first three characters of the borrower's first name or the first three characters of the borrower's last name if the borrower's first name is blank on the LOR. This modification increases the probability of linking LORs to MPNs.

Business Rules:

- The LOC uses the first three character of the borrower's last name if the borrower's first name is blank on the LOR when linking LORs to MPN for all Subsidized and Unsubsidized LORs received after the February 2001 implementation

- The LOC links LORs to MPNs using the SSN, DOB, and the first 3 characters of the borrower's first name.

- If the borrower's first name is blank on the LOR, the LOC uses the SSN, DOB, and first 3 characters of the last name to link LORs to MPNs.

Disbursements

Provide Flexibility for Selecting Any Disbursement Number as the First Actual Disbursement

2001–2002 Modification: The restriction that schools must send actual disbursement number "01" as the first disbursement to the Loan Origination Center (LOC) is removed. To provide this flexibility, a new field—First Disbursement Flag—has been added to the Disbursement record layout. However, the Disbursement record length is still 152 bytes. Upon implementation, this modification affects only Program Year 2001–2002. Currently, you are required to send the first actual disbursement to the LOC with disbursement number "01," having the earliest disbursement activity date for the loan. For Program Year 2000–2001, subsequent actual disbursements can be submitted in any disbursement number and date order as long as the date of the first actual disbursement (01) is the earliest. For program years prior to 2000–2001, subsequent disbursements must be sent in disbursement number and date order.

Starting in 2001–2002, you have the flexibility to select the first actual disbursement as any disbursement number from 01–20 for Subsidized/Unsubsidized loans and from 01–04 for PLUS loans. A new First Disbursement Flag field—Field #24—has been added to the Disbursement (DESD02IN/Batch Type #H) and the Disbursement Acknowledgement (DIODD02OP/Batch Type #H) record layouts. This field is used to indicate the first actual disbursement. If the first actual disbursement is disbursement number "01" and it has the earliest disbursement activity date, you do not need to populate the First Disbursement Flag field. If disbursement number 02–20 for a Subsidized/Unsubsidized loan or 02–04 for a PLUS loan is the first actual disbursement, you must populate the First Disbursement Flag field with an "F" on the disbursement record associated with that disbursement number.

If a first disbursement has been established at the LOC and you realize that another disbursement was disbursed with an earlier activity date, you have the ability to submit a new first disbursement. This is accomplished by submitting the new disbursement record with a "C" in the First Disbursement Flag field. The "C" indicates to the LOC that the disbursement record being submitted is now the new first actual disbursement.

Subsequent actual disbursements can be sent in any number and date order as long as their disbursement activity date is the same or after the established first actual disbursement at the LOC.

You are able to change the first actual disbursement a maximum of two times before requiring U.S. Department of Education approval.

Note: The ability for schools to change the first actual disbursement should only be used in extreme cases. Schools should not perceive this option as part of their regular processing.

Business Rules:

- The flexibility to identify the first actual disbursement applies to Program Year 2001–2002 Subsidized, Unsubsidized, and PLUS loans.

- A First Disbursement Flag field—Field #24—has been added to the Disbursement (DESD02IN/Batch Type #H) and Disbursement Acknowledgement (DIOD02OP/Batch Type #H) record layouts to indicate the first actual disbursement for a loan. The disbursement record length is not changed. It is still 152 bytes.

- The only valid values for the First Disbursement Flag field are as follows:

    - "F" to identify the first actual disbursement with the earliest disbursement activity date.

    - "C" to identify the new first actual disbursement with the earliest disbursement activity date.

    - Blank for any subsequent disbursement, date adjustment, or amount adjustment.

- The First Disbursement Flag field is populated only on actual disbursement records (Disbursement Activity = "D").

- The First Disbursement Flag field can be populated with an "F" for any disbursement number from 01–20 for Subsidized and Unsubsidized loans and 01–04 for PLUS loans.

- If disbursement number "01" is the first disbursement you send to the LOC and it has the earliest disbursement activity date, your system does not have to populate the First Disbursement Flag field with an "F." Disbursement number "01," by default, is considered the first actual disbursement unless another disbursement number is transmitted with an "F" in the First Disbursement Flag field.

- Any disbursement number from 02–20 requires an "F" in the First Disbursement Flag field if it is the first actual disbursement.

- You can continue to submit subsequent actual disbursement activity in any disbursement number and disbursement activity date order as long as the disbursement activity date is equal to or after the date of the first actual disbursement.

- The LOC continues to apply all existing disbursement edits to any disbursement records received at the LOC, including the flagged actual disbursements.

- If several actual disbursements for the same loan are received on the same batch cycle, the disbursements with the First Disbursement Flag field populated are processed first, and the remaining disbursements records are processed in chronological order, starting with the earliest.

- Anticipated disbursements on the Full Loan Origination record continue to be required in sequential and chronological order.

- The following table shows the new Disbursement Reject Codes (44–51) for First Disbursement Flag processing:

Code	Error Message	Edit Description
44	First actual disbursement date cannot be after any subsequent disbursements	Transaction date of the first disbursement should be earlier than the disbursement date of any other disbursement for the loan. For Example: The earliest disbursement date from all subsequent disbursements is "05/21/2001" The disbursement date of the first disbursement can be changed to on or before "05/21/2001"
45	Invalid First Disbursement Flag	First disbursement flag should be "F", "C", or blank for actual disbursement (disbursement activity = "D") -- OR -- First disbursement flag is not blank for adjusted disbursement amounts and dates (disbursement activity = "A" or "Q")
46	First disbursement must be received before any subsequent disbursements	Disbursement numbers 02–20 must have a first disbursement flag of "F" when no disbursement is currently on file at the LOC. First disbursement can be disbursement number 01, or any other disbursement with the first disbursement flag set to "F"

Code	Error Message	Edit Description
47	First disbursement must be received before any changes to the first disbursement	First disbursement flag cannot be "C" when a first disbursement has not been accepted at the LOC
48	First disbursement already received	First disbursement flag must be "C" or blank when a disbursement is already on file at the LOC
		First disbursement flag cannot be "F" when a first disbursement is already on file at the LOC
49	First disbursement changed more than twice	First disbursement can be changed a maximum of two times before requiring the U.S. Department of Education's approval
		First disbursement flag cannot be "C" when two prior transactions, with a first disbursement flag of "C," for the loan were accepted by the LOC
50	More than one disbursement record contains the same First Disbursement Flag for this loan	More than one actual disbursement was submitted to the LOC with a first disbursement flag of "F" for this loan in the same cycle
		-- OR --
		More than one actual disbursement was submitted to the LOC with a first disbursement flag of "C" for this loan in the same cycle
51	First disbursement must have the earliest disbursement date	Transaction date of the first disbursement should be before the disbursement date of any other disbursement:
		For example:
		The current first disbursement date is "05/21/2001"
		The disbursement date of any disbursement with a first disbursement flag of "C" should be on or before "05/21/2001"
		The disbursement date of any disbursement with a blank first disbursement flag should be on or after "05/21/2001"

The following table defines the results of several scenarios concerning the order in which disbursement records can be processed:

Current at the LOC	Disbursement Number	First Disbursement Flag on Incoming Disbursement	Results
No First Actual Disbursement	01	Blank	LOC will accept. Disbursement Number 01 is established as first actual disbursement.
No First Actual Disbursement	01	F	LOC will accept. Disbursement Number 01 is established as first actual disbursement.
No First Actual Disbursement	02	Blank	LOC will reject with error code 46 because the first actual disbursement has not been established at the LOC.
No First Actual Disbursement	02	X	LOC will reject with error code 45 because the First Disbursement Flag has an invalid value.
No First Actual Disbursement	02	F	LOC will accept. Disbursement Number 02 is established as the first actual disbursement.
No First Actual Disbursement	05	C	LOC will reject with error code 47 because a first disbursement flag cannot be established when the LOC does not have an accepted first actual disbursement.
01 is First Actual Disbursement	01	Blank	LOC will reject with error code M because of a duplicate disbursement number. "01" already exists at the LOC.
01 is First Actual Disbursement	02	F	LOC will reject with error code 48 because the first actual disbursement (01) has already been established at the LOC
01 is First Actual Disbursement	04 with a disbursement activity date after the activity date of 01	Blank	LOC will accept because it is a subsequent disbursement.
01 is First Actual Disbursement	04 with a disbursement activity date prior to the activity date of 01	Blank	LOC will reject with error code 51 because it has an activity date earlier than the first actual disbursement.

Current at the LOC	Disbursement Number	First Disbursement Flag on Incoming Disbursement	Results
01 is First Actual Disbursement	04 with a disbursement activity date prior to the activity date of 01	C	LOC will accept and establish 04 as the first actual disbursement because the First Disbursement Flag has a "C" and an activity date prior to the current first actual disbursement (01) on file at the LOC.
01 is First Actual Disbursement	A date adjustment (activity code = Q) for 01	Blank	LOC will accept and update the disbursement activity date for 01.
01 is First Actual Disbursement	A date adjustment (activity code = Q) for 01	A Non-Blank Character	LOC will reject with error code 45 because Blank is the only valid value for the First Disbursement Flag on a Disbursement Date Adjustment record.

Expand Disbursement Reject Codes and Descriptions

2001–2002 Modification: The LOC disbursement reject codes are modified to be consistent with those in the *2001–2002 Direct Loan Technical Reference* guide and to provide information to schools on why a disbursement record rejected.

Currently, the LOC batch disbursement programs create and store internal reject codes when errors are found while validating disbursement records (DESD##IN/Batch type #H) received from schools. These internal reject codes are not always the same as the external reject codes defined in the *2001–2002 Direct Loan Technical Reference* guide. The LO Online Web Application displays the LOC internal reject codes generated by the batch disbursement programs for rejected disbursement transactions to schools. This results in confusion when schools view reject codes for rejected records via the LO Online Web Application.

Starting in 2001–2002, the LOC expands the number and description of disbursement reject codes to more accurately identify the reject reasons. Also, the updated descriptions provide schools with assistance on resolving rejected disbursement records. This ensures that the LOC and the Direct Loan Technical Reference reject codes are consistent.

The following tables list the disbursement reject codes for Program Year 2001–2002 and the new reject codes for previous program years 2000–2001 and 1999–2000. Previous years are listed to maintain consistency with 2001–2002.

Program Year 2001–2002 Disbursement Error Codes

Error Code	Disbursement Activity Type	Error Message	Error Resolution
1		Disbursement cancellation not allowed	Disbursement activity should be "D," "A," or "Q"
2	"D", "A", or "Q"	School is currently a non-participating school	Direct loan school code has an ineligible or non-participating status on the LOC file
3		Not in use	Not in use
4	"D", "A", or "Q"	Discrepancy being researched by the LOC	Contact the LOC.
5	"D", "A", or "Q"	Program Year and Cycle Indicator do not match	Program year in loan identifier should match cycle indicator in batch identifier on the batch header
6		Not in use	Not in use
7	"D" or "A"	Disbursement Actual Net Amount does not match LOC's calculated net amount	Disbursement actual net amount is not equal to the LOC's calculated net amount (+ or - $1 tolerance) The net amount is calculated using the following steps: **Step 1:** Calculate the Combined Fee/ Interest Rebate Percentage by subtracting the Interest Rebate Percentage from the Loan Fee Percentage **Step 2:** Calculate the Combined Fee/Interest Rebate Amount by multiplying the Gross Amount by the Combined Fee/Interest Rebate Percentage and truncating the result **Step 3:** Calculate the Fee Amount by multiplying the Gross Amount by the Loan Fee Percentage and truncating the result **Step 4:** Calculate the Net Amount by subtracting the Combined Fee/Interest Rebate Amount from the Gross Amount
8	"D" or "A"	Invalid Disbursement Actual Net Amount	Disbursement actual net amount should be greater than zero for actual disbursement (disbursement activity = "D") -- OR -- Disbursement actual net amount should be greater than or equal to zero for adjusted disbursement amount (disbursement activity = "A")

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
9	"D" or "A"	Disbursement Actual Loan Fee Amount does not match LOC's calculated loan fee amount	Disbursement actual loan fee amount (truncated) should be equal to the disbursement actual gross amount multiplied by the loan fee percentage (+ or - $1 tolerance)
10		Not in use	Not is use
11	"D" or "A"	Invalid Disbursement Actual Loan Fee Amount	Disbursement actual fee amount should be greater than or equal to zero
12	"D" or "A"	Invalid Disbursement Actual Gross Amount	Disbursement actual gross amount should be greater than zero for actual disbursement (disbursement activity = "D") -- OR -- Disbursement actual gross amount should be greater than or equal to zero for an adjusted disbursement amount (disbursement activity = "A")
13		Not in use	Not in use
14		Not in use	Not in use
15		Not in use	Not in use
16	"D", "A", or "Q"	Disbursement Sequence Number not in sequential order	Disbursement sequence number should be one higher than the last previously accepted transaction for this disbursement For example: Disbursement Sequence Number 02 followed by Disbursement Sequence Number 03 will be accepted Disbursement Sequence Number 02 followed by Disbursement Sequence Number 04 will be rejected
17	"Q"	An actual disbursement does not exist for this disbursement number	Actual disbursement with a disbursement number matching the adjusted disbursement date (disbursement activity = "Q") has not been accepted by the LOC -- OR -- Anticipated disbursement with a disbursement number matching the adjusted disbursement date (disbursement activity = "Q") is not on file at the LOC
18		Not in use	Not in use

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
19		Not in use	Not is use
20	"Q"	Disbursement date cannot be after the current date	Transaction date on the adjusted disbursement date (disbursement activity = "Q") should not be greater than the current processing date For example: The transaction date (disbursement date) for a date adjustment submitted to the LOC on "06/01/2001" should not be no greater than "06/01/2001"
21		Not in use	Not in use
22	"Q"	New disbursement date is more than 120 days after the original disbursement date	Transaction date should be within 120 days of the acknowledgement date on the adjusted disbursement date (disbursement activity = "Q")
23	"Q"	Original disbursement date is invalid or missing	Acknowledgement date on the adjusted disbursement date (disbursement activity = "Q") should be numeric and formatted as CCYYMMDD

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
24	"D" or "A"	Disbursement Actual Gross Amount exceeds the maximum annual loan limit for this borrower at all enrolled schools for equal or overlapping academic years Review the Duplicate Borrower Report to help resolve this issue	A student's disbursement gross amounts may not exceed the maximum annual loan limit Dependent Student 1st Year (Grade Level 0 or 1) Sub Max = $2,625 Sub and Unsub Max = $2,625 2nd Year (Grade Level 2) Sub Max = $3,500 Sub and Unsub Max = $3,500 3rd Year, 4th Year, or 5th Year eligible undergraduate (Grade Level 3, 4, or 5) Sub Max = $5,500 Sub and Unsub Max = $5,500 Dependent Student Eligible for Additional Unsubsidized Amount 1st Year (Grade Level 0 or 1) Sub Max = $2,625 Sub and Unsub Max = $6,625 2nd Year (Grade Level 2) Sub Max = $3,500 Sub and Unsub Max = $7,500 3rd Year, 4th Year, or 5th Year eligible undergraduate (Grade Level 3, 4, or 5) Sub Max = $5,500 Sub and Unsub Max = $10,500 Independent Student 1st Year (Grade Level 0 or 1) Sub Max = $2,625 Sub and Unsub Max = $6,625 2nd Year (Grade Level 2) Sub Max = $3,500 Sub and Unsub Max = $7,500 3rd Year, 4th Year, or 5th Year eligible undergraduate (Grade Level 3, 4, or 5) Sub Max = $5,500 Sub and Unsub Max = $10,500

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
24 cont	"D" or "A"	Disbursement Actual Gross Amount exceeds the maximum annual loan limit for this borrower at all enrolled schools for equal or overlapping academic years Review the Duplicate Borrower Report to help resolve this issue	Graduate/professional and beyond (Grade Level 6) Sub Max = $8,500 Sub and Unsub Max = $18,500 *Health Profession Programs Loan Limits* Independent Student & Dependent Student Eligible for Additional Unsubsidized Amount 4th Year or 5th Year eligible undergraduate (Grade Level 4 or 5) Undergrad Sub Max = $5,500 Sub and Unsub Max = $27,167 Graduate/professional and beyond (Grade Level 6 or 7) Sub Max = $8,500 Sub and Unsub Max = $45,167
25	"D" or "A"	Total Disbursement Actual Gross Amount cannot be greater than the promissory note amount at the LOC for this PLUS loan	Sum of the disbursement actual gross amounts for all disbursements activities for this loan should be less than or equal to the Promissory Note Amount (PLUS Only)
26	"D"	Confirmation required prior to disbursement	Confirmation flag should be "Y" for first disbursements received from schools where confirmation is required prior to disbursing Confirmation flag should be "Y" for all disbursements received from schools where confirmation is required for all disbursements before disbursing
27		Not in use	Not in use
28		Not in use	Not in use
29	"D", "A", or "Q"	Invalid Disbursement Number for PLUS	Disbursement number should be 01, 02, 03, or 04 for PLUS loans
30		Not in use	Not in use
31	"D", "A", or "Q"	Invalid Disbursement Number for Subsidized/Unsubsidized	Disbursement number should be between 01 and 20, inclusive, for Subsidized/Unsubsidized loans
32		Not in use	Not in use
33		Not in use	Not in use
34		Not in use	Not in use

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
35		Not in use	Not in use
36	"D", or "A"	Disbursement Actual Gross Amount is not numeric	Disbursement actual gross amount should be numeric
37	"D", or "A"	Disbursement Actual Loan Fee Amount is not numeric	Disbursement actual loan fee amount should be numeric
38	"D", or "A"	Disbursement Actual Net Amount is not numeric	Disbursement actual net amount should be numeric
39	"Q"	Invalid Disbursement Actual Gross Amount	Disbursement actual gross amount should be blank or zeros for adjusted disbursement date (disbursement activity = "Q")
40	"Q"	Duplicate date adjustment	Acknowledgement date (original disbursement date) should not be the same as the transaction date (new disbursement date) for adjusted disbursement date (disbursement activity = "Q")
41	"Q"	Original disbursement date does not match current disbursement date	Acknowledgement date (original disbursement date) should match the current disbursement date on file at the LOC for adjusted disbursement date (disbursement activity = "Q")
42	"D", "A", or "Q"	Invalid loan fee rate	Loan fee rate used to calculate the disbursement actual fee amount should match the valid fee rates in effect as of the transaction date on the first disbursement
43	"D", or "A"	Missing loan limit data	All of the components for calculating the loan limit must exist. Contact the LOC to resolve the issue. At least one of the following is missing: Dependency Status Grade Level Academic Start Date Academic End Date Health Profession Programs Indicator Additional Unsubsidized Eligibility Flag

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
44	"Q"	First actual disbursement date cannot be after any subsequent disbursements	Transaction date of the first disbursement should be earlier than the disbursement date of any other disbursement for the loan. For Example: The earliest disbursement date from all subsequent disbursements is "05/21/2001". The disbursement date of the first disbursement can be changed to on or before "05/21/2001"
45	"D", "A", or "Q"	Invalid First Disbursement Flag	First disbursement flag should be "F", "C", or blank for actual disbursement (disbursement activity = "D") -- OR -- First disbursement flag is not blank for adjusted disbursement amounts and dates (disbursement activity = "A" or "Q")
46	"D"	First disbursement must be received before any subsequent disbursements	Disbursement numbers 02–20 must have a first disbursement flag of "F" when no disbursement is currently on file at the LOC. First disbursement can be disbursement number 01, or any other disbursement with the first disbursement flag set to "F"
47	"D"	First disbursement must be received before any changes to the first disbursement	First disbursement flag cannot be "C" when a first disbursement has not been accepted at the LOC
48	"D"	First disbursement already received	First disbursement flag must be "C" or blank when a disbursement is already on file at the LOC First disbursement flag cannot be "F" when a first disbursement is already on file at the LOC
49	"D"	First disbursement changed more than twice	First disbursement can be changed a maximum of two times before requiring the U.S. Department of Education's approval First disbursement flag cannot be "C" when two prior disbursement transactions, with a first disbursement flag of "C", for the loan were accepted by the LOC

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
50	"D"	More than one disbursement record contains the same First Disbursement Flag for this loan	More than one actual disbursement was submitted to the LOC with a first disbursement flag of "F" for this loan in the same cycle -- OR -- More than one actual disbursement was submitted to the LOC with a first disbursement flag of "C" for this loan in the same cycle
51	"D", "A", or "Q"	First disbursement must have the earliest disbursement date	Transaction date of the first disbursement should be before the disbursement date of any other disbursement: For example: The current first disbursement date is "05/21/2001" The disbursement date of any disbursement with a first disbursement flag of "C" should be on or before "05/21/2001" The disbursement date of any disbursement with a blank first disbursement flag should be on or after "05/21/2001"
52	"D", or "A"	Disbursement Interest Rebate Amount is not numeric	Disbursement Interest Rebate Amount should be numeric
53	"D", or "A"	Invalid Disbursement Interest Rebate Amount	Disbursement Interest Rebate Amount should be greater than or equal to zero for actual disbursement (disbursement activity = "D") and adjusted disbursement amount (disbursement activity = "A"

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
54	"D", or "A"	Disbursement Interest Rebate Amount does not equal the LOC's calculated interest rebate amount	Disbursement interest rebate amount does not equal the LOC's calculated interest rebate amount The LOC's interest rebate amount is calculated using the following steps: **Step 1:** Calculate the Combined Fee/ Interest Rebate Percentage by subtracting the Interest Rebate Percentage from the Loan Fee Percentage **Step 2:** Calculate the Combined Fee/Interest Rebate Amount by multiplying the Gross Amount by the Combined Fee/Interest Rebate Percentage and truncating the result **Step 3:** Calculate the Fee Amount by multiplying the Gross Amount by the Loan Fee Percentage and truncating the result **Step 4:** Calculate the Interest Rebate Amount by subtracting the Combined Fee/Interest Rebate Amount from the Fee Amount
55	"D", or "A"	Invalid Loan Fee Rate for First Anticipated Disbursement Date	Loan fee rate used to calculate the disbursement actual fee amount should match the valid fee rate in effect as of the first anticipated disbursement date
56	"Q"	Invalid Disbursement Actual Loan Fee Amount	Disbursement actual fee amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")
57	"Q"	Invalid Disbursement Actual Net Amount	Disbursement actual net amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")
58	"Q"	Invalid Disbursement Actual Interest Rebate Amount	Disbursement interest rebate amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")
E		Invalid Disbursement Activity.	The Disbursement Activity Code should be 'D', 'A', 'Q'
F	"D", "A", or "Q"	Invalid Disbursement Sequence Number	The Disbursement Sequence Number should be numeric and greater than zero.
G	"D", or "A"	Total Disbursement Actual Gross Amounts cannot be greater than the Loan Amount Approved/Requested.	The sum of the Gross Amounts for all Disbursements Activity for this loan should be less than or equal to the lower of the Loan Amount Approved and Loan Amount Requested.

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
J	"D", or "A"	Credit Check not yet approved for this PLUS loan.	The Borrower should have an Accepted Credit Decision on file at the LOC before disbursing.
K	"A"	No Actual Disbursement exists for this Adjustment	The Actual Disbursement with a matching Disbursement Number has not been accepted by the LOS. -- OR -- The Anticipated Disbursement with a matching Disbursement Number is not on file at the LOC.
L	"D", "A", or "Q"	Unsatisfactory School Eligibility Conditions.	The Disbursement Date of the 1st Disbursement should be within the School's Eligibility Period (Before Withdrawal or after Reinstatement in the Direct Loan Program)
M	"D"	Duplicate Disbursement Transaction.	The Disbursement Number should not exist on file at the LOC.
P	"A"	Duplicate Adjustment Transaction.	Disbursement actual gross amount, disbursement actual fee amount, disbursement actual interest rebate amount, and disbursement actual net amount should not match the current gross amount, fee amount, interest rebate amount, and net amount on file at the LOC for this disbursement
Q	"D", "A", or "Q"	Disbursement Date outside of allowable window.	The Disbursement Date should be no more than 10 days prior to the Loan Period Start Date and no more than 90 days after the Loan Period End Date.
R	"D"	Disbursement Date cannot be after the current date.	The Transaction Date (Disbursement Date) should be no later than the current processing date. For example: The Transaction Date (Disbursement Date) for a Disbursement submitted to the LOS on '06/01/2001' should be no later than '06/01/2001'.
T	"D", "A", or "Q"	Must have valid Promissory Note to disburse.	There should be an Accepted Promissory Note on file at the LOC for this loan before disbursing for Standard Origination and Option 1 schools.
U	"D", "A", or "Q"	Invalid Loan Identifier	The Loan Identifier should be on file at the LOC.
V	"D", "A", or "Q"	Invalid Disbursement Date	The Disbursement Date should contain numeric characters, formatted as CCYYMMDD.

Program Year 2001–2002 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
X	"D", "A", or "Q"	Invalid School Code	The School Code should be on file at the LOC.
Y	"D", "A", or "Q"	School is Physically Closed or Ownership Changed.	The School should be open and should not be undergoing an ownership change.
Z	"D", "A", or "Q"	School Code does not match School Code in Origination record	The School Code should match the School Code submitted in the Origination record.

Program Year 2000–2001 Disbursement Error Codes

Error Code	Disbursement Activity Type	Error Message	Error Resolution
35	"D", "A", or "Q"	Invalid record in non-SAM Batch.	Disbursement Activity from a SAM school should not be included in a non-SAM batch.
36	"D" or "A"	Gross Amount is not numeric	The Disbursement Actual Gross Amount should be numeric.
37	"D" or "A"	Fee Amount is not numeric	The Disbursement Actual Fee Amount should be numeric.
38	"D" or "A"	Net Amount is not numeric.	The Disbursement Actual Net Amount should be numeric.
39	"Q"	Date Adjustment Amounts are invalid.	The Disbursement Actual Gross Amount, Disbursement Actual Fee Amount and Disbursement Actual Net Amount should be blank or zeros for Date Adjustment Transactions.
40	"Q"	Duplicate Date Adjustment.	The Original Disbursement Date should not be the same as the New Disbursement Date.
41	"Q"	Original Disbursement Date does not match current Disbursement Date	The Original Disbursement Date should match the current Disbursement Date on file at the LOC for this disbursement.
42	"D", "A", or "Q"	Fee Rate is invalid	The Loan Fee Rate used to calculate the Disbursement Actual Fee Amount should match the valid Fee Rates using the Transaction Date of the 1st Disbursement.
43	"D" or "A"	Missing Loan Limit data.	All of the components for calculating the Loan Limit must exist. One of the following is missing: • Dependency Status • Grade Level • Academic Start Date • Academic End Date • HEAL Indicator • Additional Unsubsidized Eligibility Flag Contact the LOC to resolve the issue.
44	"Q"	First Actual Disbursement Date cannot be after any subsequent disbursements.	The Transaction Date (Disbursement Date) of the 1st Disbursement should be before the Disbursement Date of any other Disbursements. For Example: The earliest Disbursement Date from all subsequent disbursements is '05/21/2001'. The Disbursement Date of the 1st Disbursement can be changed to on or before '05/21/2001'.

Program Year 2000–2001 Disbursement Error Codes (Continued)

Error Code	Disbursement Activity Type	Error Message	Error Resolution
55	"D", or "A"	Invalid Loan Fee Rate for First Anticipated Disbursement Date	Loan fee rate used to calculate the disbursement actual fee amount should match the valid fee rate in effect as of the first anticipated disbursement date
56	"Q"	Invalid Disbursement Actual Loan Fee Amount	Disbursement actual fee amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")
57	"Q"	Invalid Disbursement Actual Net Amount	Disbursement actual net amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")

Program Year 1999–2000 Disbursement Error Codes

School Error Code	Disbursement Activity Type	Error Message	Error Resolution
32	"D", "A", or "Q"	Invalid record in SAM Batch.	Disbursement Activity from a non-SAM school should not be included in a SAM batch.
33	"D"	Disbursement Date cannot be more than 5 days after the current date for SAM Schools.	The Transaction Date (Disbursement Date) should be no later than 5 days after the current processing date for SAM schools. For example: The Transaction Date (Disbursement Date) for a Disbursement submitted to the LOS on '06/01/2001' should be no later than '06/06/2001'.
35	"D", "A", or "Q"	Invalid record in non-SAM Batch.	Disbursement Activity from a SAM school should not be included in a non-SAM batch.
36	"D" or "A"	Gross Amount is not numeric	The Disbursement Actual Gross Amount should be numeric.
37	"D" or "A"	Fee Amount is not numeric	The Disbursement Actual Fee Amount should be numeric.
38	"D" or "A"	Net Amount is not numeric.	The Disbursement Actual Net Amount should be numeric.
39	"Q"	Date Adjustment Gross Amount is invalid.	The Disbursement Actual Gross Amount should be blank or zeros for Date Adjustment Transactions.
40	"Q"	Duplicate Date Adjustment.	The Original Disbursement Date should not be the same as the New Disbursement Date.
41	"Q"	Original Disbursement Date does not match current Disbursement Date	The Original Disbursement Date should match the current Disbursement Date on file at the LOC for this disbursement.

Program Year 1999–2000 Disbursement Error Codes (Continued)

School Error Code	Disbursement Activity Type	Error Message	Error Resolution
42	"D", "A", or "Q"	Fee Rate is invalid	The Loan Fee Rate used to calculate the Disbursement Actual Fee Amount should match the valid Fee Rates using the Transaction Date of the 1st Disbursement. For example: • A Year 6, Subsidized/Unsubsidized Loan with a 1st Disbursement Transaction Date of '08/14/1999' should use a 4% Loan Fee Rate to calculate the Disbursement Actual Fee Amount. • A Year 6, Subsidized/Unsubsidized Loan with a 1st Disbursement Transaction Date of '08/15/1999' should use a 3% Loan Fee Rate to calculate the Disbursement Actual Fee Amount. • A Year 6, PLUS Loan should use a 4% Loan Fee Rate to calculate the Disbursement Actual Fee Amount.
43	"D" or "A"	Missing Loan Limit data.	All of the components for calculating the Loan Limit must exist. One of the following is missing: • Dependency Status • Grade Level • Academic Start Date • Academic End Date • HEAL Indicator • Additional Unsubsidized Eligibility Flag Contact the LOC to resolve the issue.
55	"D", or "A"	Invalid Loan Fee Rate for First Anticipated Disbursement Date	Loan fee rate used to calculate the disbursement actual fee amount should match the valid fee rate in effect as of the first anticipated disbursement date
56	"Q"	Invalid Disbursement Actual Loan Fee Amount	Disbursement actual fee amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")
57	"Q"	Invalid Disbursement Actual Net Amount	Disbursement actual net amount should be blank or zeroes for adjusted disbursement date (disbursement activity = "Q")

Reports

Modify DLSAS and 732 Reports

2001–2002 Modification: The DLSAS and 732 reports are modified to provide additional information to assist schools in their reconciliation and program year close out (PYCO) processes. A new 732 report, Disbursement Activity Detail, is electronically transmitted to schools on a monthly basis.

Currently, the Direct Loan School Account Statement (DLSAS) is created on a monthly basis and contains a monthly cash summary, cash detail, and loan detail at the disbursement-level record. Schools have the option to request loan detail information with or without the cash summary and cash detail. The 732 Report is generated biweekly for Program Years 1997–1998, 1998–1999, and monthly for Program Years 1999–2000 and 2000–2001. The 732 Report consists of year-to-date cash summary, cash detail, and loan-level detail information for a school.

Starting in 2001–2002, year-to-date cash summary, year-to-date disbursement summary, and monthly disbursement summary information are included on the DLSAS. The disbursement summary information is sorted by loan type—Subsidized, Unsubsidized, and PLUS. You have the option to request the DLSAS in the current format (text file) (DSAS02OP/Batch Type AS) or as a comma-delimited ASCII file (DSAC02OP/Batch Type AS). Both are transmitted to schools via the Student Aid Internet Gateway (SAIG).

You have two options available for receiving the 732 report. Option one is the current 732 Loan Detail Report with the new year-to-date disbursement summary information. The second option is the new 732 Disbursement Activity Report which includes disbursement summary, cash receipt, excess cash, and disbursement activity detail information. The 732 Disbursement Activity Report displays information for the Actual Disbursement and Adjustment Disbursement Amount activities. Disbursement date adjustments are not included.

Business Rules:

- DLSAS and 732 Report new record layouts apply to Program Year 2001–2002.

- DLSAS and 732 Reports for program years prior to 2001–2002 continue in the current record layout.

- You have the option, for each open program year, to receive or not receive the DLSAS and 732 reports. However, once the LOC receives activity for your school, you must receive either the DLSAS, 732, or both.

- Contact your Loan Origination Center Customer Service Representative or use the LO Online Web Application to set or change your DLSAS and 732 Report options.

- The new DLSAS and 732 record layouts are included in Section 1, Custom Layouts, of the *2001–2002 Direct Loan Technical Reference* guide. See Appendix A for a sample report layout of the DLSAS report

Changes Unique to the 732 Report:

- 732 Reports for your school are automatically generated upon receipt of disbursement, drawdown, or excess cash activity for your school at the LOC. This provides you with the 732 Report early in the program year.

- You have the option to receive either the 732 Loan Detail Report or the new 732 Disbursement Activity Detail Report. By default, the LOC generates the 732 Loan Detail Report if you do not specify the 732 Disbursement Activity Detail Report. The new 732 Disbursement Activity Detail Report gives you detailed disbursement activity information for your loans on file at the LOC.

- A new Disbursement Summary Record by Loan Type, Section I, is added to the 732 Loan Detail Report and 732 Disbursement Activity Detail Report. This section consists of four (4) different record types—Disbursement Total for Subsidized Loans (YS), Disbursement Total for Unsubsidized Loans (YU), Disbursement Total for PLUS Loans (YP), and Disbursement Total for Subsidized/Unsubsidized/PLUS Loans (YT).

- Each disbursement total loan type record gives year-to-date summary information such as Booked and Unbooked Gross Amounts, Booked and Unbooked Fee Amounts, Booked and Unbooked Interest Rebate Amounts, and Booked and Unbooked Net Amounts.

- Except for the Record Type (Field #4—YS, YU, YP, or YT) the record layout is the same for each disbursement total loan type record.

- The Disbursement Summary Record by Loan Type section provides you with summary disbursement amounts for each loan type (Subsidized, Unsubsidized, and PLUS) and the total for all loan types.

- A new Disbursement Activity Detail, Section V, is created for the 732 Disbursement Activity Detail Report. This section consists of two (2) different record types— Booked Disbursement Activity Detail (B) and Unbooked Disbursement Activity Detail (U).

- Each disbursement activity detail record type lists the disbursement (disbursement activity = "D") or adjusted disbursement amount (disbursement activity = "A") detail information such as Gross Amount, Fee Amount, Interest Rebate Amount, Net Amount, Net Adjustment Amount for a loan.

- The Total Gross Amount, Total Fee Amount, Total Interest Rebate Amount, and Total Net Amount at the loan level are included in the last disbursement activity detail record for the particular loan.

- Except for the Record Type (B or U) and Disbursement Activity Type (D or A) the record layout is the same for each disbursement activity detail record.

- The 732 Loan Detail Report option generates two files that are sent in the following record type order:
  - The first file includes the Disbursement Total For Subsidized Loans, Disbursement Total For Unsubsidized Loans, Disbursement Total For PLUS Loans, Disbursement Total For Subsidized/Unsubsidized/PLUS Loans, Cash Receipts, Excess Cash, Booked Loan Detail, and Unbooked Loan Detail record types. The message class~~es are~~ *is* ED1202OP (monthly). ~~and ED0902OP (bi-weekly)~~
  - In the second file, the Cash Summary record is provided. The message class~~es are~~ *is* ED1302OP (monthly). ~~and ED1102OP (bi-weekly).~~

- The 732 Disbursement Activity Detail Report option generates two files that are sent in the following record type order:
  - The first file includes the Disbursement Total For Subsidized Loans, Disbursement Total For Unsubsidized Loans, Disbursement Total for PLUS Loans, Disbursement Total For Subsidized/Unsubsidized/PLUS Loans, Cash Receipts, Excess Cash, Booked Disbursement Activity Detail, Unbooked Disbursement Activity Detail, and Cash Summary record types. The new message class is DDAM02OP (monthly). ~~and DDAD02OP (on demand).~~
  - A separate file provides the Cash Summary record. The message class~~es are~~ *is* ED1302OP (monthly). ~~and ED1102OP (bi-weekly).~~

- The 732 Booked Loan Detail, Unbooked Loan Detail, Booked Disbursement Activity Detail, and Unbooked Disbursement Activity Detail record types are sorted by loan type (Subsidized/Unsubsidized/PLUS) and then by loan SSN. For example, all subsidized loans are reported together and sorted by the first 9 characters of the 21-character loan identifier.

- The Cash Summary information is in a separate file in both the 732 Loan Detail Report and 732 Disbursement Activity Detail Report. As an additional flexibility, if you request the 732 Disbursement Activity Detail Report, the Cash Summary record is also included in the first file of this report so you can import one file in order to receive all your 732 information.

Changes Unique to the DLSAS:

- The new Year-to-Date Cash Summary section is provided in addition to the current, monthly Cash Summary section within the DLSAS.

- The Cash Summary Statement Record Type continues to be "T" for both monthly and year-to-date total records.

- Except for the Cash Summary Type (Field #5—Y1 for Year-to-Date and M1 for Monthly) the Year-to-Date Cash Summary and Monthly Cash Summary have the same record layouts.

- You have the option, via the LO Online Web Application or calling your LOC CSR, to request and receive the DLSAS in either the current text format or the new comma-delimited format for Program Year 2001–2002.

- By default, the LOC transmits the DLSAS in the current text file format unless you request it in the new comma-delimited ASCII format.

- The Year-to-Date Disbursement Summary by Loan Type (Record Type "Y") and Monthly Disbursement Summary by Loan Type (Record Type "M") are new record types created on the DLSAS.

- The new Year-to-Date Disbursement Summary by Loan Type section consists of four (4) different record types:
  - Year-to-Date Disbursement Total for Subsidized Loans (YS)
  - Year-to-Date Disbursement Total for Unsubsidized Loans (YU)
  - Year-to-Date Disbursement Total for PLUS Loans (YP)
  - Year-to-Date Disbursement Total for Subsidized/Unsubsidized/PLUS Loans (YT)

- The new Monthly Disbursement Summary by Loan Type section consists of four (4) different record types:
  - Monthly Disbursement Total for Subsidized Loans (MS)
  - Monthly Disbursement Total for Unsubsidized Loans (MU)
  - Monthly Disbursement Total for PLUS Loans (MP)
  - Monthly Disbursement Total for Subsidized/Unsubsidized/PLUS Loans (MT)

- Each disbursement total loan type record gives year-to-date or monthly summary information such as Booked and Unbooked Gross, Booked and Unbooked Fee, Booked and Unbooked Interest Rebate, and Booked and Unbooked Net amounts.

- Except for the Statement Record Type (Field #1—Y for Year-to-Date and M for Monthly) and Disbursement Summary Type (YS, YU, YP, or YT and MS, MU, MP, or MT) the record layout is the same for the year-to-date and monthly disbursement total loan type record.

- The Disbursement Summary by Loan Type sections provide you with year-to-date or monthly summary disbursement amounts for each loan type (Subsidized, Unsubsidized, and PLUS) and the total for all loan types.

- When you request the DLSAS, the LOC always sends the Year-to-Date Cash Summary, Year-to-Date Disbursement Summary, Monthly Cash Summary, Monthly Disbursement Summary, and Cash Detail.

- The LOC sends the Loan Detail (Record Type = L) unless you have informed the LOC that you do not want to receive it. The Loan Detail is still an optional record type.

- The DLSAS Loan Detail Record Type "L" is sorted by loan type (Subsidized/Unsubsidized/PLUS) and then by loan SSN.

Provide More School Report Options

2001–2002 Modification: The current formatted school reports are now available as comma-delimited reports.

Currently, the 30-Day Warning Report, Anticipated Disbursement Listing (ADL), Actual Disbursement Roster (ADR), Inactive Loans Report, SSN/Name/DOB Change Report, Pending SSN Changes Over 45 Days Report, Duplicate Student Borrower Report, and the Disbursement Not Yet Booked At Servicing Report are all transmitted to the schools in a predefined report format.

Starting in 2001–2002, the 30-Day Warning Report (DIWC02OP), Anticipated Disbursement Listing (ADL) (DALC02OP), Actual Disbursement Roster (ADR) (DARC02OP), Disbursement Not Yet Booked At Servicing Report (DASC02OP), Duplicate Student Borrower Report (DUPC02OP), Inactive Loans Report (DILC02OP), Pending SSN Changes Over 45 Days Report (DPSC02OP), and the SSN/Name/DOB Change Report (DSNC02OP) are available in the current predefined report format or in comma-delimited ASCII format. You have the flexibility and the option to request these reports in either the predefined report format or the ASCII delimited format depending on how you want to receive and process the data.

Additionally, you have the option not to receive any of the reports for a reporting period, except for the Actual Disbursement Roster. The LOC continues to send you the ADR on a weekly basis if you currently receive it and have drawdown activity.

Business Rules:

- Eight new comma-delimited school reports are available to provide you with more flexibility in how data is received. A comma (,) is used as the delimiter character on all delimited reports.

- You have the option to continue to receive your DL program reports in the predefined report format or in the new comma-delimited format.

- You have the option to receive or not receive a specific DL program school report. This option is not available for the ADR.

- To notify the LOC of your report option, call your LOC Customer Service Representative.

- If you do not select a report format option, the LOC continues to send the report in its current format.

- If you do not select to receive or not receive option, the LOC continues to send the report according to its current reporting frequency (daily, weekly, or monthly).

- If you select not to receive a report, the LOC generates the report for the reporting period and stores it in case you request it in the future.

- If you select not to receive a report, the LOC does not send the report until you notify the LOC that you would like to receive the report.

- The comma-delimited report has the following information at the beginning of the report, prior to the detail records:
    1. Header Information: U.S. DEPARTMENT OF EDUCATION:
                               FEDERAL DIRECT LOAN PROGRAM:
                               REPORT NAME:
                               SCHOOL CODE:
                               SCHOOL NAME:

    2. Report Disclaimers
    3. Footers

- The following Direct Loan School Reports table summarizes the options that are available to you:

Report Name	Current (Default) Format	Optional Format/ Message Class	School can choose not to receive?
Anticipated Disbursement Listing	Preformatted	Comma-Delimited ASCII DALC##OP	Yes
Actual Disbursement Roster	Preformatted	Comma-Delimited ASCII DARC##OP	No
30-Day Warning Report	Preformatted	Delimited ASCII DIWC##OP	Yes
Inactive Loans Report	Preformatted	Delimited ASCII DILC##OP	Yes
SSN/Name/Date of Birth Change Report	Preformatted	Comma-Delimited ASCII DSNC##OP	Yes
Pending SSN Changes Over 45 Days Report	Preformatted	Comma-Delimited ASCII DPSC##OP	Yes
Duplicate Student Borrower Report	Preformatted	Comma-Delimited ASCII DUPC##OP	Yes
Disbursement Activity Not Yet Booked at Servicing Report	Preformatted	Comma-Delimited ASCII DASC##OP	Yes
Loan Data Matching Exception Report	Preformatted	N/A	N/A

is the Year Indicator (02 is 2001–2002)

- Following are samples of the ADL Preformatted report format and the ADL comma-delimited report format:

Anticipated Disbursements List

```
RUN DATE: 11/03/2001      U. S. DEPARTMENT OF EDUCATION      PAGE:  1
PROGRAM:  DB002              FEDERAL DIRECT LOAN PROGRAM
                        WEEKLY ANTICIPATED DISBURSEMENT LIST
                            12/21/2001 THRU 12/27/2001
                            FOR ACADEMIC YEAR 2001-2002

SCHOOL NAME: BROOKSTONE COLL
ADDRESS: 234 ROVER RD                        SCHOOL CODE: G97814
         ANAHEIM        VA 34382


STUDENT NAME              SOC SEC NO    LOAN TYPE   LOAN ID
DISB DATE                 DISB NO       GROSS AMT   ORIG  FEE    NET AMT

PRADIP    HARIAS          887-00-9950   U    887009950U02G97814001
12/25/2001                13            $100.00      $3.00        $97.00
                                       TOTAL NET AMOUNT:        $97.00

MARIA     PEREZ           230-85-9950   U    230859950U02G97814001
12/25/2001                14            $100.00      $3.00        $97.00
                                       TOTAL NET AMOUNT:        $97.00

                               SCHOOL TOTAL NET AMOUNT:       $194.00
```

Anticipated Disbursement List

U.S. DEPARTMENT OF EDUCATION
FEDERAL DIRECT LOAN PROGRAM
REPORT NAME: WEEKLY ANTICIPATED DISBURSEMENT LIST
SCHOOL CODE: G97814
SCHOOL NAME: BROOKSTONE COLLEGE

Field No.	Field Name/Column Header	Description	Example
1	Run Date	Date the report is run at the LOC	11/03/2001
2	Comma	Delimiter	,
3	Report Period	Period for which the report has run	12/21/2001-12/27/2001
4	Comma	Delimiter	,
5	Academic Year	Academic year	2001-2002
6	Comma	Delimiter	,
7	Last Name	Last name of the borrower	HARRIS
8	Comma	Delimiter	,
9	First Name and M.I.	First name and middle initial of the borrower	ROGER A
10	Comma	Delimiter	,
11	SSN	Social Security Number of the borrower	123-45-6789
12	Comma	Delimiter	,
13	Loan Type	Loan type code	S
14	Comma	Delimiter	,
15	Loan ID	21-character loan identifier	123456789S02G97814101
16	Comma	Delimiter	,
17	Disb Date	Disbursement date	12/25/2001
18	Comma	Delimiter	,
19	Disb No	Disbursement number	13
20	Comma	Delimiter	,
21	Gross Amt	Gross Amount of disbursement	2000.00
22	Comma	Delimiter	,
23	Orig Fee	Fee amount of disbursement	60.00
24	Comma	Delimiter	,
25	Net Amt	Net amount of disbursement	1920.00
26	Comma	Delimiter	,
27	Loan Total Net Amt	Total net amount for the loan	2000.00
28	Comma	Delimiter	,
29	School Total Net Amt	Total net amount for the school	10000.00
30	Comma	Delimiter	,

Display Current and Prior Year Loans on Duplicate Student Borrower Report

2001–2002 Modification: The Duplicate Student Borrower Report that is sent to the schools is modified to report loan data only for the current and prior program years.

For 1998–1999, the selection criteria for reporting loans on the Duplicate Student Borrower Report was to report loans for the same borrower and loan year at different Direct Loan schools. For 1999–2000 and forward, the criteria is to report loans for the same borrower with equal or overlapping academic years at different Direct Loan schools. Currently, the Duplicate Student Borrower Report displays loan data for three academic years (1998–1999, 1999–2000, and 2000–2001).

Starting in 2001–2002, the Duplicate Student Borrower Report displays loans for the current year (2001–2002) and previous program year (2000–2001). Data for program years prior to 2000-2001 is not displayed on the report. This eliminates extraneous data being sent to schools, reduces the report size, and increases report manageability for schools.

Business Rules:

- Program Year 1999–2000 is included on the Duplicate Student Borrower Report until June 30, 2001.

- Starting on July 1, 2001, only Program Year 2000–2001 and 2001–2002 loan data is included on the Duplicate Student Borrower Report.

- The LOC continues to use the same loan selection criteria—Same borrower, different schools, and equal or overlapping academic years.

Note: See Appendix A, Direct Loan Reports, for a sample report.

Reduce Number of Loans Displayed on 30-Day Warning Report

2001–2002 Modification: Loans without a promissory note and an actual disbursement at the Loan Origination Center that appear on the 30-Day Warning Report for 90 days are removed from the 30-Day Warning Report.

Currently, the 30-Day Warning Report displays unbooked loans with the 1st anticipated disbursement date more than 30-days prior to the month end date. The report also gives detailed reasons why the loan is listed on the report. For example, if the loan is missing the promissory note, an actual disbursement, or a failed credit check for a PLUS, that loan is reported on the 30-Day Warning Report. If the missing information is not resolved, the loan continues to appear on the report. After a period of time, this information becomes extraneous to the schools.

Starting in 2001–2002, The LOC does not report an unbooked loan with a 1st anticipated disbursement date more than ~~90~~ *120* days from the month end date if the loan does not have an accepted Promissory Note and an actual disbursement. This change in reporting reduces the size of the report and provides more meaningful and timely information. However, if a Promissory Note and an Actual Disbursement is received on an unbooked loan, it is reported on the 30-Day Warning Report.

Business Rules:

- This change is applicable to all program year loans.

- Loans are not reported on the 30-Day Warning Report if all of the following conditions are met:
    - The 1st Anticipated Disbursement date is more than ~~90~~-*120*-days from the month end date.
    - There is no accepted Promissory Note on file for the loan.
    - *There are no Actual Disbursements on file for the loan.*

Note: See Appendix A, Direct Loan Reports, for a sample report.

Software Providers Interface

Test With Third Party Servicers/Software Providers

2001–2002 Modification: The LOC has established a testing environment, parallel to production, where Third Party Servicers/Software Providers and schools can test their software modifications.

Currently, the only available testing capability between the LOC and schools is the New School Testing environment. If a school is in production, it must switch to a testing status in order to test with the LOC. The school is not able to run production data when it is in a testing status.

Starting in 2001–2002, third party servicers/software providers and schools have the ability to test directly with the LOC in an environment that simulates production. Also, you are able to remain in production and simultaneously test your software modifications. Testing directly with third party servicers/software providers allows for more extensive testing and reduces the likelihood of rejected transactions by the LOC.

Business Rules

- Third party servicers/software providers begin testing with the LOC in January 2001.

- The two available periods of testing are (1) January 2001 through February 16, 2001 and (2) April 2001 through September 28, 2001. The period from February 16, 2001 through March 31, 2001, the LOC is validating its newly released 2001–2002 software enhancements. Once this is completed, the third party servicers/software providers testing environment reopens.

- You have the ability to conduct a full end-to-end test (input and acknowledgement records) that mimics the production process.

- The LOC provides you with a set of predetermined test cases complete with expected results. This includes test cases for the 2001–2002 enhancements, as well as, regression test cases for prior open program year changes.

- In addition to the predetermined test cases provided by the LOC, you have the flexibility to create your own test cases. However, you, not the LOC, is responsible for validating the results of your test cases.

- Third party servicers/software providers and schools are not required to switch from production to testing in order to test in the third party servicers environment. You are able to send and receive both production and test data simultaneously because the LOC has created two separate environments.

- The LOC assigns third party servicers/software providers and schools with separate test IDs and school codes so as not to interfere with production processing. This is provided to you prior to the January 2001 testing date.

- Technical support is provided to assist you with resolving any testing issues that may arise.

- A testing status report for each participating third party servicer/software provider is posted on the LO Online Web Application. This report only states whether your testing status is completed or in progress.

- A Third Party Servicers Testing Guide is provided to you prior to the January 2001 testing date to assist you in establishing and completing your testing effort.

Data Recovery

Automate Rebuild for Direct Loan Participants

2001–2002 Modification: An automated rebuild capability for Direct Loan participants is developed incorporating electronic files from the Loan Origination Center (LOC). A new Rebuild Loan File record layout (Message Class-DLRBLDOP/Batch Type-RB) is created to transmit the files from the LOC to schools.

Currently, the LOC provides a data dump on CD-ROM to Direct Loan participants to manually rebuild their Direct Loan databases. The school makes the request through the LOC Customer Service Representatives (CSRs).

Starting in 2001–2002, the LOC has developed an electronic rebuild capability for schools to respond to data recovery situations. The rebuild file provides current LOC origination, and disbursement data to the requesting school. The Rebuild Loan File (DLRBLDOP/Batch Type RB) includes two record types—Origination Detail Record and Disbursement Detail Record. You can request a rebuild loan file by calling your CSR at the LOC or by entering the request through the LO Online Web Application. The LOC then creates a standard electronic rebuild file according to the parameters specified by the school. The electronic rebuild loan file is sent to the school via the SAIG.

Business Rules:

- A new Rebuild Loan File (DLRBLDOP/Batch Type–RB) is created to transmit data recovery information from the LOC to schools. Only data for program years 2000–2001 and 2001–2002 is transmitted in the Rebuild Loan File.

- Standard Header and Trailer records are used to transmit the Rebuild Loan File to the schools via the SAIG. You can use the Cycle Indicator within the Batch Identifier (Field #4) to identify the program year of the data included in the Rebuild Loan File.

- You can request loan data recovery information by calling your LOC Customer Service Representative or by entering the request via the LO Online Web Application.

- The available loan data recovery request options are listed below:
    – Data by single or multiple program years (for example, 2000–2001, 2001-2002)
    – Data by date range (for example, MM/DD/CCYY–MM/DD/CCYY)
    – Data for a particular student by providing both the Social Security Number (SSN) and date of birth
    – Data for a specific loan by providing the 21-character Loan Identifier.

- Each Rebuild Loan File is program year specific. In other words, data for program year 2000–2001 is in a separate file from data for program year 2001–2002 as indicated in the Header record.
- The Rebuild Loan File consists of the following two record types:
  − Rebuild Origination Detail Record (Record Type = O)
  − Rebuild Disbursement Detail Record (Record Type = "D")
- All Rebuild Origination Detail Records, matching your request, are reported first in the Rebuild Loan File followed by all Rebuild Disbursement Detail Records matching your request.
- A Rebuild Disbursement Detail Record for each of the following disbursement activities on the LOC database matching your request is included in the Rebuild Loan File:
  − Actual Disbursement (Disbursement Activity = D)
  − Adjusted Disbursement Amount (Disbursement Activity = A)
  − Adjusted Disbursement Date (Disbursement Activity = Q)
- Additionally, manual disbursement adjustments performed at the LOC are included as Rebuild Disbursement Detail Records in the Rebuild Loan File.
- Only data accepted by the LOC for Full Loan Origination, Loan Origination Change, and Disbursement records are included in the Rebuild Loan File. The Rebuild Origination Detail Record reflects the most current loan information at the LOC, inclusive of changes to loan data.
- Additional information included on the Rebuild Origination Detail Record is:
  − Credit Decision Indicator (PLUS) (Field #167)
  − Promissory Note Status (PLUS) (Field #168)
  − Master Promissory Note Status (Field #169)
  − Master Promissory Note Indicator (Field #170)
  − Master Promissory Note Identification (Field #171)
- Rebuild Disbursement Detail Records are not created for Booking Disbursements (Disbursement Activity = L), Booking Adjustments (Disbursement Activity = M), and Servicer Refund (Disbursement Activity = P) because they are not initiated by the school. However, the Rebuild Disbursement Detail Record does include the LOC's Total Net Booked Loan Amount (Field #15) and the LOC's Booked Date (Field #16).
- The rebuild record layouts are included in the Appendix E of the *2001–2002 Direct Loan Technical Reference* guide.

Up-front Interest Rebate

Implement Up-front Interest Rebate

2001–2002 Modification: Modify origination, disbursement, and report software modules to fully implement Phase II of the Up-front Interest Rebate program for Program Year 2001–2002 and forward.

Currently, as part of the Phase I Up-front Interest Rebate Program, the borrower receives an interest rebate amount credit for a 2000–2001 program year loan through the Direct Loan Servicing Center (DLSC). Since the rebate occurs after a loan has been disbursed, neither schools nor third party software providers were required to make system changes. The interest rebate amount is 1.5 percent of the gross disbursement amount and is credited to the borrower's loan account at the DLSC.

Starting in 2001–2002, the LOC, schools, and third party software providers must modify their origination, disbursement, and reporting modules to implement the up-front interest rebate. The up-front interest rebate requires amount calculations at the time of origination and disbursement.

Business Rules:

* The up-front interest rebate applies to Program Year 2001–2002 and forward.

* The up-front interest rebate percentage for 2001–2002 continues to be 1.5 percent.

* The up-front interest rebate amount is calculated at the anticipated and actual disbursement level by the schools for each Direct Subsidized, Direct Unsubsidized and Direct PLUS loan.

- Twenty new 5-byte Disbursement Anticipated Interest Rebate Amount fields are added to the Full Loan Origination record layout. The Full Loan Origination record new length of 1064 bytes accommodates the new fields. The new fields are listed in the following table:

Field Number	Field Name and Description
24	1st Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 1st disbursement
29	2nd Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 2nd disbursement
34	3rd Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 3rd disbursement
39	4th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 4th disbursement
44	5th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 5th disbursement
49	6th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 6th disbursement
54	7th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 7th disbursement
59	8th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 8th disbursement
64	9th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 9th disbursement
69	10th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 10th disbursement
74	11th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 11th disbursement
79	12th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 12th disbursement

Field Number	Field Name and Description
84	13th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 13th disbursement
89	14th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 14th disbursement
94	15th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 15th disbursement
99	16th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 16th disbursement
104	17th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 17th disbursement
109	18th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 18th disbursement
114	19th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 19th disbursement
119	20th Disbursement Anticipated Interest Rebate Amount The anticipated interest rebate amount for the 20th disbursement

- A new 5-byte field, Disbursement Actual Interest Rebate Amount (Field #9) has replaced the Disbursement Actual Net Adjustment Amount (Field #9) on the Disbursement and Disbursement Acknowledgment (DESD02IN/DIOD02OP/Batch Type #H) record layout.

- The interest rebate amount calculated by the school is sent to the LOC in the Disbursement Actual Interest Rebate Amount (Field #9).

- The Disbursement Actual Net Adjustment-LOC field is removed from the Disbursement record layout. You are no longer required to calculate the Disbursement Actual Net Adjustment. When disbursement adjustment amounts are received, the LOC calculates and stores the Disbursement Net Adjustment amount. This amount continues to display on appropriate reports such as the DLSAS.

- A new 5-byte field, Disbursement Actual Interest Rebate Amount-LOC (Field #25) is added to the Disbursement (DESD02IN/DIOD02OP/Batch Type #H). The interest rebate amount calculated by the LOC is returned to the school in this field only if it is different than what the school calculated.

- The size of the Disbursement and Disbursement Acknowledgment record layouts is unchanged and remains 152 bytes.

- Schools must calculate the anticipated and actual disbursements using the following guidelines:

  - Loan Fee Percentage = 3 percent for Subsidized/Unsubsidized and 4 percent for PLUS

  - Interest Rebate Percentage = 1.5 percent

  - Combined Fee/Interest Rebate Percentage or Amount is a field only used to assist you in calculating your disbursement amounts.

  - Truncate means using only the whole dollar portion of any resulting amounts. Do not do any rounding.

Field Name	Calculation
Gross Disbursement Amount	Use current method to calculate individual Gross Disbursement Amount. The variance is still applied to the last anticipated disbursement.
Combined Fee/Interest Rebate Percentage	Loan Fee Percentage minus Interest Rebate Percentage
Combined Fee/Interest Rebate Amount Truncate the result	Gross Disbursement Amount multiplied by (Loan Fee Percentage minus Interest Rebate Percentage) --OR-- Gross Disbursement Amount multiplied by Combined Fee/Interest Rebate Percentage Take the calculation out to 3 decimal places
Loan Fee Amount Truncate the result	Gross Disbursement Amount multiplied by Loan Fee Percentage Take the calculation out to 3 decimal places
Net Disbursement Amount	Gross Disbursement Amount minus Combined Fee/Interest Rebate Amount
Interest Rebate Amount	Net Disbursement Amount minus (Gross Disbursement Amount minus Loan Fee Amount)

- Schools continue to send to the LOC the gross amount, loan fee amount, and net amount for each anticipated and actual disbursement. In addition, the calculated interest rebate amount is sent for each anticipated and actual disbursement.

- When anticipated disbursement amounts are received, the LOC edits the sum of all anticipated disbursements against the Loan Amount Approved to ensure the sum does not exceed the $1 allowable tolerance. The LOC also calculates each individual anticipated disbursement amount and compares its amount to your calculated amounts to ensure consistency and accuracy of calculations.

- A new loan origination reject code, A5-Anticipated Interest Rebate Amount is Not Equal to the LOC's Interest Rebate Amount, is returned to you if your interest rebate amount calculation exceeds the $1 allowable tolerance.

- The LOC continues to use reject code 27-Anticipated Net Amount is Not Equal to the LOC's Calculated Net Amount when your net amount calculation exceeds the $1 allowable tolerance.

- When actual disbursement and disbursement adjustment amounts are received, the LOC edits the sum of all disbursement amounts to ensure the variance does not exceed the $10 allowable tolerance when compared to the Loan Amount Approved and anticipated disbursements. The LOC also calculates each individual actual disbursement amount and compares its amount to your calculated amounts to ensure consistency and accuracy of calculations.

- The new disbursement reject codes for interest rebate processing and the LOC's internal calculations are listed in the following table:

Code	Field Name	Description
52	Disbursement Interest Rebate Amount is not numeric	Disbursement interest rebate amount should be numeric
53	Disbursement Interest Rebate Amount is invalid	Disbursement interest rebate amount should be greater than or equal to zero for adjusted disbursement amount
54	Disbursement Interest Rebate Amount does not equal the LOC's calculated interest rebate amount	Disbursement interest rebate amount does not equal the LOC's calculated interest rebate amount The LOC's interest rebate amount is calculated using the following steps: **Step 1:** Calculate the Combined Fee/ Interest Rebate Percentage by subtracting the Interest Rebate Percentage from the Loan Fee Percentage **Step 2:** Calculate the Combined Fee/Interest Rebate Amount by multiplying the Gross Amount by the Combined Fee/Interest Rebate Percentage and truncating the result **Step 3:** Calculate the Fee Amount by multiplying the Gross Amount by the Loan Fee Percentage and truncating the result **Step 4:** Calculate the Interest Rebate Amount by subtracting the Combined Fee/Interest Rebate Amount from the Fee Amount
55	Invalid Loan Fee Rate for First Anticipated Disbursement Date	Loan fee rate used to calculate the disbursement actual fee amount should match the valid fee rate in effect as of the first anticipated disbursement date

- The LOC includes the Interest Rebate Amount on the DLSAS, 732 Reports, Anticipated Disbursement Listing, Actual Disbursement Roster, Loan Detail Exception Report for Booked Loans, and Loan Detail Exception Report for Unbooked Loans.

- You provide the Interest Rebate Amount on the Optional Loan Detail Exception report when you send it to the LOC.

- A new 5-byte Change Field Transmit Number S193—Interest Rebate Percentage— allows you to change the interest rebate percentage. This is to accommodate future changes to the interest rebate percentage with minimal impact to your school software systems.

- In order to change the interest rebate percentage, you must perform the following steps:

  1. Send Disbursement record(s) reducing all actual disbursements down to zero ($0), if any exist at the LOC

  2. Send a Loan Origination Change record with the new interest rebate percentage value using Change Field Transmit Number S193

  Note: The Loan Origination Change record and the Disbursement record can be transmitted to the LOC in the same cycle.

- If the LOC accepts the new Interest Rebate Percentage and there are **NO** Actual Disbursements on file at the LOC, the LOC calculates and stores the new Disbursement Gross Amount, Loan Fee Amount, Interest Rebate Amount, and Net Disbursement Amount for each anticipated disbursement. When the LOC acknowledges the Interest Rebate Percentage as accepted it confirms that the new anticipated disbursement amounts have been recalculated. You can use the LO Online Web Application to view the new anticipated disbursement values.

- The LOC rejects the Interest Rebate Percentage change with reject code A8-All Actual Disbursements Are Not Reduced to Zero if you send an Interest Rebate Percentage change without reducing all actual disbursements at the LOC to zero. Remember, you can send the Loan Origination Change record and Disbursement record in the same cycle.

- The LOC rejects the Interest Rebate Percentage change with reject code A7-Invalid Interest Rebate Percentage if you send an interest rebate percentage that is not approved by the U.S. Department of Education.

- The interest rebate amount is included on the following reports:
  - Anticipated Disbursement List (ADL)
  - Actual Disbursement Roster (ADR)
  - 732 Loan Detail and Disbursement Activity Detail Reports
  - Direct Loan School Account Statement (DLSAS)
  - Optional Loan Detail Exception Report
  - Disbursement Activity Not Yet Booked at Servicing Report

- See Section 1, Custom Layout section of the *2001–2002 Direct Loan Technical Reference* guide for the 2001–2002 Full Loan Origination, Disbursement, and Disbursement Acknowledgement record layouts.

Disclosure Statement

Modify Disclosure Statement and Process

2001–2002 Modification: Modify the Disclosure Statement to accommodate the full implementation of the up-front interest rebate program for Program Year 2001–2002 and forward.

Currently, one Disclosure Statement is used for Program Years 1999–2000 and 2000–2001. Since interest rebate is new for Program Year 2001–2002, the interest rebate is not reflected on the current Disclosure Statement.

Starting in 2001–2002, a new Disclosure Statement for Program Year 2001–2002 is used in addition to the one currently used for Program Years 1999–2000 and 2000–2001. The new Disclosure Statement is created to include the interest rebate information. Also, up to 40 anticipated disbursements (20 for Subsidized and 20 for Unsubsidized) are printed on the front of the Disclosure Statement.

Business Rules:

- The new Disclosure Statement is for 2001–2002 loans and forward. You and the Loan Origination Center (LOC) continue to use the existing Disclosure Statement for 1999–2000 and 2000–2001 loans.

- The Disclosure Statement for all program years is printed 30 calendar days prior to the date of the first anticipated disbursement. The exception to this rule is that the LOC prints the Disclosure Statement whenever an actual disbursement is accepted before the 30-day printing criteria.

- Since the new Disclosure Statement can accommodate up to 20 anticipated disbursements for each Subsidized and each Unsubsidized loan on the front of the statement, the LOC is no longer required to print the Disclosure Statement for loans with more than 12 non-zero anticipated disbursements. Loan Origination Change Reject Code 99—Anticipated Disbursement Greater Than 12. LOC is Required to Print the Disclosure Statement—has been eliminated.

- On the new Disclosure Statement, disbursement numbers 01 through 10 are printed in the left-hand column and 11 through 20 are printed in the right-hand column.

- To accommodate interest rebate, the gross loan amount, loan fee amount, interest rebate amount, and net loan amount for each loan are included on the new Disclosure Statement.

- The LOC prints and mails the Plain Language Disclosure with the Disclosure Statement to the borrower only when subsequent loans are linked to an MPN.

- The school prints and mails the Plain Language Disclosure with the Disclosure Statement for loans that do not require the borrower to sign another MPN.

- The LOC or school is no longer required to print the Disclosure Statement every time the LAA and anticipated disbursements change. This applies to all program years. Although reprinting is not required, the U.S. Department of Education recommends that you use your discretion and current business processing guidelines to determine when to reprint.

- The LOC or school does not print a Disclosure Statement for a loan if at the time of meeting the 30 day printing criteria, the loan is inactive (all anticipated disbursement amounts = $0).

- The LOC or school prints the Disclosure Statement if a loan is inactivated before the 30-day printing criteria and reactivated anytime after the 30-day printing criteria. The Disclosure Statement is printed immediately upon reactivation of the loan. This ensures that the student receives a Disclosure Statement once the loan becomes active.

- The Change Field Transmit Number S115—Disclosure Statement Print Indicator— has a new valid value of "Z". "Z" indicates to the LOC that you want the LOC to reprint the Disclosure Statement.

- The Total Net Amount and Total Fee Amount are added to the Disclosure Statement used for 1999–2000 and 2000–2001 loans.

- A copy of the 2001–2002 Disclosure Statement and Plain Language Disclosure are in Appendix D.

- See Section 3, Custom System Requirements, of the *2001–2002 Direct Loan Technical Reference* guide for the 2001–2002 Disclosure Statement Print Specifications.